# BUDGET 2005

*Ministry of*
*Energy and Mines*

# SERVICE PLAN
# 2005/06 – 2007/08

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# Message from the Minister and Accountability Statement

British Columbia has remarkable energy resources. We are a world leader in developing clean energy such as hydro electricity and new hydrogen fuel technology. We are Canada's second largest natural gas producer, exporting over two-thirds outside British Columbia. We are seeing results on our commitment to revitalize the mining sector, while continuing to support the growth of our very successful oil and gas industry in an environmentally responsible manner.

In all areas of the Ministry, our work is paying off. We have completed or begun work on all of the objectives of our November 2002 Energy Plan — *Energy for our Future: A Plan for British Columbia*. This work will continue through the coming year. We remain committed to ensuring power assets are publicly owned, while promoting independent power production (IPP) to ensure energy security for our province. In the past four years, 20 IPP projects have begun operations and another 25 have been offered electricity purchase agreements with BC Hydro. We strongly support investment in sources of BC Clean energy such as hydroelectricity, hydrogen fuel, wind, biomass, geothermal and tidal. We look forward to a science-based, environmentally responsible offshore oil and gas industry underway by 2010, creating jobs and opportunities in communities throughout our province.

The Government of British Columbia continues to aggressively stimulate investment in the mining and oil and gas sectors through initiatives that are responsive to the needs of British Columbians and industry. Working cooperatively with communities, First Nations and industry, mining exploration activity has doubled since 2001. Industry expenditures for 2004 are expected to be over $130 million. Increased mining activity means high-paying family-supporting jobs in all areas of the province. Summer oil and gas drilling is up 109 per cent in 2004 over 2002, the year before we introduced the Oil and Gas Development Strategy for the Heartlands — and oil and gas industry investment has more than doubled since 2001. The mining and oil and gas industries provide approximately $2.1 billion — or roughly eight per cent of our total revenue — to government. This revenue stream is increasingly important in order to support vital public services such as health care and education. This Service Plan describes actions that will be implemented to ensure British Columbians realize the benefits of the growing energy and mining sectors. Our vision is to create thriving, competitive and environmentally responsible energy and mining sectors significantly benefiting all British Columbians.

The 2005/06 - 2007/08 Ministry of Energy and Mines Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared. All material fiscal assumptions and policy decisions as of January 31, 2005 have been considered in preparing the plan and I am accountable for achieving the specific objectives in the plan.

Honourable Richard Neufeld
Minister of Energy and Mines

February 3, 2005

# Message from the Minister of State for Mining and Accountability Statement

Mining is a vital part of the provincial economy. That is why Premier Campbell has instructed me to work with Minister Neufeld to support and grow this historic and important British Columbia industry. Increasing investor confidence and exploration are fuelling new mining development and new jobs in communities, which in turn contributes to the high standard of living and excellent services British Columbians enjoy.

Exploration expenditures for 2004 have more than doubled over 2003. The provincial and federal government flow-through tax credits have been harmonized to create one of the highest mineral exploration tax credits in Canada. We have put in place a simplified regulatory framework, while maintaining our commitment to protect the environment and our communities. We continue to work with First Nations, communities, and industry, to make British Columbia a leader in mineral exploration and mining.

The new British Columbia Mining Plan released in January 2005 completes the work of the British Columbia Task Force on Mining, initiated in the spring of 2003. This Plan addresses key cornerstones, with the goal of a globally competitive, safe, and environmentally responsible exploration and mining sector.

The 2005/06 – 2007/08 Service Plan will ensure the objectives of the British Columbia Mining Plan are carried out to provide increasing benefits to British Columbia from this vital economic sector.

I am the Minister of State for Mining and under the *Balanced Budget and Ministerial Accountability Act*, I am accountable for achieving the following results for 2005/06:

1. Develop options for streamlining mine and mineral exploration approval processes to increase global investment in British Columbia's mining sector and present a status report to the Cabinet Committee on Environment and Resource Development.
2. Consolidate environmental standards and regulations used in mining into user friendly environmental and reclamation guidelines and present to the Cabinet Committee on Environment and Resource Development.

3. Develop a multi-agency plan that will promote the consistent application of the integrated land use system for exploration and mining in British Columbia and present to the Cabinet Committee on Environment and Resource Development.

Honourable Pat Bell
Minister of State for Mining

February 3, 2005

# Ministry Overview and Core Business Areas

The Ministry of Energy and Mines is tasked with managing the responsible development of British Columbia's energy and mineral sectors. Natural gas is now the single largest source of provincial revenue derived from a natural resource. As commodity prices for natural gas, oil, and minerals remain strong, British Columbians can expect to see continued benefits and resource development opportunities. This Service Plan outlines the Ministry's strategy to increase investment and revenue related to these sectors, while acting as an environmental steward protecting the land base from which they come.

The Ministry administers 25 statutes pertaining to the energy and mining sectors. In addition, the Minister of Energy and Mines is responsible for the Assayers Certification Board of Examiners, British Columbia Hydro and Power Authority, British Columbia Transmission Corporation, Columbia Power Corporation/Columbia Basin Trust, Mediation and Arbitration Board and the Oil and Gas Commission.

| Core Business of MEM | Organization within MEM |
|---|---|
| 1. **Oil and Gas** | • **Oil and Gas Division** — Develops and implements policies and programs to maximize the benefits from oil and gas resources.<br>• **Oil and Gas Titles Branch, Titles Division** — Issues and administers tenures for Crown oil and gas rights. |
| 2. **Offshore Oil and Gas** | • **Offshore Oil and Gas Team** — Established to enable offshore oil and gas development to occur in British Columbia in a scientifically sound and environmentally responsible manner. |
| 3. **Mining and Minerals** | • **Mining and Minerals Division** — Develops and implements policies and programs to manage and promote the exploration and development of coal, aggregate, industrial minerals and mineral resources.<br>• **Mineral Titles Branch, Titles Division** — Issues and administers mineral and coal exploration and mining tenures. |
| 4. **Electricity and Alternative Energy** | • **Electricity and Alternative Energy Division** — Develops and implements policies and programs to support all forms of electrical power generation, alternative energy sources, energy conservation and efficiency measures. |
| 5. **Executive and Support Services** | • **Corporate Policy and Aboriginal Relations Division** — Provides corporate support and services, leads investment promotion and facilitates First Nations participation in the energy and minerals sectors.<br>• **Shared Management Services Division** — Shared with the Ministry of Small Business and Economic Development and provides various financial and administrative services. |

# Resource Summary

| Core Business Areas | 2004/05 Restated Estimates[1] | 2005/06 Estimates | 2006/07 Plan | 2007/08 Plan |
|---|---|---|---|---|
| **Operating Expenses ($000)** | | | | |
| Oil and Gas | 15,170 | 11,937[2] | 9,487[2] | 9,487 |
| Offshore Oil and Gas | 5,800 | 5,752 | 5,752 | 5,752 |
| Mining and Minerals | 7,868 | 13,282[3] | 13,282 | 13,282 |
| Electricity and Alternative Energy | 1,134 | 1,333 | 1,333 | 1,333 |
| Executive and Support Services | 4,353 | 10,911[4] | 10,941 | 8,231 |
| Contracts and Funding Arrangements[5] | 28,560 | 33,560 | 35,560 | 35,560 |
| **Total** | **62,885** | **76,775** | **76,355** | **73,645** |
| **Full-time Equivalents (Direct FTEs)** | | | | |
| Oil and Gas | 78 | 79 | 79 | 79 |
| Offshore Oil and Gas | 12 | 12 | 12 | 12 |
| Mining and Minerals | 93 | 111 | 111 | 111 |
| Electricity and Alternative Energy | 12 | 12 | 12 | 12 |
| Executive and Support Services | 47 | 54 | 54 | 54 |
| **Total** | **242** | **268** | **268** | **268** |
| **Ministry Capital Expenditures (Energy and Mines) ($000)** | | | | |
| Oil and Gas | 471 | 275 | 575 | 175 |
| Mining and Minerals | 1,026 | 865 | 550 | 550 |
| Executive and Support Services | 310 | 310 | 256 | 207 |
| **Total** | **1,807** | **1,450** | **1,381** | **932** |

[1] These amounts have been restated, for comparative purposes only, to be consistent with the presentation of the *2005/06 Estimates*. Schedule A of the *2005/06 Estimates*, presents a detailed reconciliation.

[2] Budget reduction represents completion of specific projects.

[3] Budget increase represents new expenditures for geoscience, health and safety and to meet increased levels of activity in the mining and mineral sector.

[4] Budget increase represents new expenditures for Community Engagement Strategy and for Treaty 8 negotiations.

[5] Contracts and Funding Arrangements includes: An annual payment for three years to reflect the province's obligations under the Vancouver Island Gas Pipeline Agreement; revenue sharing agreements; and expenditures associated with the Columbia Basin Trust.

| Core Business Areas | 2004/05 Restated Estimates[1] | 2005/06 Estimates | 2006/07 Plan | 2007/08 Plan |
|---|---|---|---|---|
| **Other Financing Transactions ($000)** | | | | |
| **Columbia Basin Accord** | | | | |
| Receipts | 0 | 0 | 0 | 0 |
| Disbursements | 50,000 | 50,000[6] | 0 | 0 |
| Net Cash Source (Requirements) | (50,000) | (50,000) | 0 | 0 |
| ***Oil and Gas Commission Act*** | | | | |
| Receipts | 24,600 | 25,690 | 26,418 | 26,726 |
| Disbursements | 24,600 | 25,690 | 26,418 | 26,726 |
| Net Cash Source (Requirements) | 0 | 0 | 0 | 0 |
| **Total Net Cash Source (Requirements)** | **(50,000)** | **(50,000)** | **0** | **0** |

[1] These amounts have been restated, for comparative purposes only, to be consistent with the presentation of the *2005/06 Estimates*. Schedule A of the *2005/06 Estimates*, presents a detailed reconciliation.

[6] 2006 is the last year that the Province is required to provide $50 M under the Columbia Basin Accord as an investment in Columbia Power Corporation and the Columbia Basin Trust. This money is to finance power projects on a joint venture basis.

# Vision, Mission and Values

## Vision

Thriving, competitive, safe and environmentally responsible energy and mining sectors significantly benefiting all British Columbians.

## Mission

The Ministry of Energy and Mines facilitates investment in the responsible development of British Columbia's energy and mineral resources to benefit British Columbians.

## Values

The following values define the Ministry of Energy and Mines' management style and positions it to achieve its Service Plan goals and objectives.

### Advocacy

The Ministry works with the energy and mining sectors, advocating their interests to broader stakeholder groups in a way that ensures the responsible and sustainable development of energy and mineral resources.

### Integrity

The Ministry is committed to respectful, honest and ethical behavior in all its communications and actions.

### Responsiveness

The Ministry is service-oriented and responds to the needs of its stakeholders and the public in a timely and effective manner.

### Accountability

The Ministry is accountable to government and the public for the results identified in its Service Plan. The Ministry is effective and efficient in delivering timely services and implementing sound financial management.

### Professionalism

The Ministry is committed to maintaining the highest levels of both technical competency and public service values, and encouraging innovation and creativity.

### Partnership Building

The Ministry promotes teamwork, good working relationships and effective partnerships with others.

**Government Strategic Goals**

A strong and vibrant Provincial economy.
Safe, healthy communities and a sustainable environment.

**Ministry Mission**

The Ministry of Energy and Mines facilitates investment in the responsible development of British Columbia's energy and mineral resources to benefit British Columbians

| Ministry Goals | Ministry Objectives | Performance Measures / Indicators |
|---|---|---|
| A strong and competitive oil and gas sector in British Columbia. | Increase capital investment in BC's oil and gas sector. | Annual oil and gas industry investment |
| | Increase BC's oil and gas production activity and reserves. | Reserve replacement |
| | | Wells drilled |
| | | Raw natural gas production |
| | | Crude oil production |
| | | Provincial revenue |
| | Community engagement and environmental stewardship. | Wells on multi-well pads |
| Enable offshore oil and gas development. | | Implement the Offshore Oil and Gas Project Plan |
| A safe, environmentally responsible and globally competitive exploration and mining sector in British Columbia. | Increase exploration investment. | Mineral exploration expenditure |
| | | Capital investment |
| | Environmental protection at mine sites. | Compliance with permit and reclamation orders |
| | Maintain health and safety standards at sites. | Accident frequency |
| | | Compliance with mine inspection orders |
| | Promote the consistent application of two-zone land use systems. | Facilitate regional workshops |
| Thriving, competitive, reliable and environmentally responsible electricity and alternative energy sectors. | Facilitate investment in electricity and alternative energy. | Investment in alternative energy |
| | | Investment in hydrogen and fuel cell sector |
| | Environmental improvements through promotion of alternative energy and energy efficiency. | "Energy Star" rating |
| | | "Energuide" ratings |
| | Implementation of the Provincial Energy Plan. | Implementation of policy actions |
| | | Implementation of the Alternative Energy Strategy |
| First Nations and communities working with government for the responsible development of BC's energy and mineral resources. | Build relationships with First Nations to facilitate participation in the energy and mining sectors. | First Nations Engagement Strategy |
| | | Ministry First Nations knowledge |
| | | Treaty 8 negotiations |
| MEM as an exemplary organization. | Implement effective human resource practices consistent with best practices. | EPDP implementation |
| | | Updated HR plan |

# Goals, Objectives, Strategies and Results

## Goal 1: *A strong and competitive oil and gas sector in British Columbia.*

The Crown owns most of the province's petroleum and natural gas. The Ministry of Energy and Mines is the steward of these resources and is mandated to protect the public interest in petroleum and natural gas development and ensure that benefits from resource development are maximized for all British Columbians. In 2004/05, provincial government revenue generated directly from the production of oil and gas in BC was approximately $2 Billion, or about eight per cent of total provincial revenues. With abundant hydrocarbon deposits throughout the province, oil and gas revenue will continue to play an important role in the provincial budget.

### Core Business Area: *Oil and Gas.*

### Objective 1: *Increase capital investment in British Columbia's oil and gas sector.*

### Strategies:

1. Promote the development of conventional, unconventional and frontier oil and gas resource opportunities throughout British Columbia.
2. Develop and implement an integrated, results-based, oil and gas policy and regulatory framework.
3. Review legislation, regulations and policies across government affecting oil and gas activities and implement best practices and/or harmonization with other jurisdictions.
4. Develop education and training projects in partnership with industry. Support the development of the Oil and Gas Education and Training Consortium to create and sustain a locally-based skilled oil and gas workforce.
5. Enhance the certainty, clarity and predictability of access for oil and gas exploration and development.

| Performance Measure | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| Annual dollar amount of oil and gas industry capital investment in British Columbia.[1] | $4.0 billion | $4.2 billion | $4.5 billion | $4.8 billion |

[1] Source: Canadian Association of Petroleum Producers. These estimates are provided only by calendar year.

## Target Rationale:

Capital investment has a direct impact on drilling activity, production, reserve replacement and revenues to the Crown. The annual targets are based on the past investment trend combined with the expected impact of Ministry policies and programs to attract greater investment.

## Objective 2: *Increase British Columbia's oil and gas production, activity and reserves.*

## Strategies:

1. Support the development of high-grade road infrastructure promoting year-round oil and gas activity and new opportunities for oil and gas exploration development and production.
2. Introduce new, targeted royalty programs to stimulate development of oil and gas resource opportunities and evaluate existing programs.
3. Complete four recommendations from the "Service Sector Strategy" which will increase British Columbia's share of service sector opportunities. This strategy released in October 2003 contains 16 key recommendations to improve the competitiveness of the Northeast BC service sector.
4. Work with stakeholders to identify elements of the midstream sector (gathering and processing of oil and gas, post production and pre-transmission) where policy improvements can be made to encourage increased development and value-added activity.
5. Undertake targeted oil and gas geoscience to stimulate activity, particularly in the Bowser and Nechako Basins.

| Performance Measures | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| Reserve replacement ratio.[1] | 110% | 110% | 110% | 110% |
| Number of wells drilled.[2] | 1,328 | 1,390 | 1,496 | 1,596 |
| Raw Natural Gas Production — Trillions of cubic feet (Tcf).[2] | 1.060 Tcf | 1.105 Tcf | 1.140 Tcf | 1.176 Tcf |
| Crude Oil Production — Millions of barrels (Mbbls).[2] | 14.14 Mbbls | 12.63 Mbbls | 12.69 Mbbls | 12.73 Mbbls |
| Provincial Revenue.[3] | $2.032 billion | $2.000 billion | $2.144 billion | $2.050 billion |

[1] Calendar basis — Canadian Association of Petroleum Producers.

[2] Oil and Gas Commission.

[3] British Columbia Ministry of Provincial Revenue — Forecasts reflect projected prices of oil and gas at time of publication.

## Target Rationale:

Reserve replacement is a key measure of a thriving and competitive oil and gas industry. Number of wells drilled and production are key indicators widely used by industry to communicate activity levels and success. Activity levels are closely linked to employment and business opportunities. Provincial revenue is a definitive indicator of broader provincial public benefits from oil and gas development.

## Objective 3: *Oil and Gas Environmental Stewardship.*

## Strategies:

1. Coordinate with the Oil and Gas Commission for reduced well application fees for wells utilizing existing wellsites.
2. Coordinate with the Oil and Gas Commission for reduced approval times of well applications for wells utilizing existing wellsites.

| Performance Measure | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| Wells on multi-well pads.[1] | 136 | 147 | 158 | 168 |

[1] Measure developed by the Oil and Gas Division in consultation with the Oil and Gas Commission.

## Target Rationale:

The use of multi-well pads reduces the surface land disturbance required per well. Their increasing use is a reflection of a commitment to responsible development and efforts to reduce the "foot print" of oil and gas development. The above targets reflect the proportion of wells on multi-well pads growing at three per cent per year.

## Goal 2: *Enable offshore oil and gas development to occur in British Columbia in a scientifically sound and environmentally responsible manner.*

The Province of British Columbia believes that the potential opportunities provided by offshore oil and gas development are of significant public value. The Province is taking a principled approach to researching management and regulatory regimes in other jurisdictions in order to identify best practices for west coast offshore development. Moving forward, the team will continue to work with communities, First Nations, the Federal Government and key stakeholders. The Offshore Team's focus through 2007/08 is to complete various components of the Offshore Team Project Plan. The core elements of this plan are to consult with First Nations and all coastal communities, develop a comprehensive regulatory regime and further the state of knowledge pertaining to offshore energy development.

### Core Business Area: *Offshore Oil and Gas.*

### Strategies:

1. Continue to work with First Nations, coastal communities and key stakeholders to identify their concerns, provide information and establish mutually agreeable solutions.
2. Develop options for the provincial position on a comprehensive management and regulatory regime, encompassing the initial granting of exploration rights through decommissioning of facilities and site cleanup.
3. Work together with the federal government to advance the state of scientific knowledge about the British Columbia offshore, and to make that knowledge more accessible to the public.

| Performance Measure | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| Implement the Offshore Oil and Gas Project Plan. | Complete Offshore Team Project Plan objectives for 2004/05. | Complete Offshore Team Project Plan objectives for 2005/06. | Complete Offshore Team Project Plan objectives for 2006/07. | Complete Offshore Team Project Plan objectives for 2007/08. |

### Target Rationale:

Targets reflect reasonable goals leading to informed decisions regarding offshore oil and gas in British Columbia.

## Goal 3: *A safe, environmentally responsible and globally competitive exploration and mining sector in British Columbia.*

Mining has fueled economic development throughout the province since the first Gold Rush nearly 150 years ago. British Columbia is rich in mineralization and is ranked high by companies with respect to potential mineral and coal wealth. Mining revenues and jobs are increasing as commodity prices, government policies and investor confidence are attracting the mining industry to develop these rich resources. The province is committed to attracting exploration investment and building the mining industry in order to ensure benefits for all British Columbians.

### Core Business Area: *Mining and Minerals.*

### Objective 1: *Compete globally for new investments to generate jobs and revenue in our communities.*

### Strategies:

1. Work with industry, communities, First Nations and environmental groups to develop a sustainable mining model for British Columbia.
2. Streamline regulations and approvals for exploration and mining.
3. Conduct new geoscience surveys to attract investment to British Columbia.
4. Maintain and enhance the new electronic, internet-based system for mineral claim acquisition and maintenance.

| Performance Measures | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| Annual dollar amount of mineral exploration expenditure.[1] | $55 million | $150 million | $160 million | $170 million |
| Capital investment in new or existing mines.[2] | $100 million | $250 million | $350 million | $450 million |

[1] Source: British Columbia Ministry of Energy and Mines, based on annual surveys conducted by the Ministry in collaboration with Natural Resources Canada and Statistics Canada (calendar year).

[2] Capital spending for the mineral sector is estimated by Ministry of Energy and Mines staff using data from annual surveys by PriceWaterhouseCoopers and Natural Resources Canada, adjusted to reflect non-surveyed activities and post-survey developments.

## Target Rationale:

Targets identify the anticipated increases in investment resulting from world market trends and Ministry policies and programs aimed at stimulating exploration and mining in British Columbia.

## Objective 2: *Ensure strong environmental standards.*

## Strategies:

1. Improve Provincial environmental and reclamation guidelines.
2. Participate in National Orphaned and Abandoned Mine Sites Initiative to inventory and assess sites for potential environmental problems.
3. Participate in the National Mine Environment Neutral Drainage Committee to develop and apply new technologies to predict acid rock drainage.
4. Collaborate with other governments, industry and environmental groups to address environmental challenges to exploration and mining.

| Performance Measure | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| Compliance with permit and reclamation orders regarding environmental conditions.[1] | 95% compliance | 95% compliance | 95% compliance | 95% compliance |

[1] Ministry of Energy and Mines permit and reclamation inspections.

## Target Rationale:

This target will ensure British Columbia exploration and mining operations support environmental stewardship of the land.

## Objective 3: *Consistently achieve high health and safety standards at mines and exploration sites.*

## Strategies:

1. Improve health and safety standards and practices.
2. Monitor mining operations with sufficient frequency to ensure compliance with respect to worker safety.
3. Organize mine rescue competitions to promote safety and excellence.

| Performance Measures | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| Lost time accident frequency.[1] | 2.5 or less | 2.5 or less | 2.5 or less | 2.5 or less |
| Compliance with health and safety orders resulting from mine inspections.[2] | 95% compliance | 95% compliance | 95% compliance | 95% compliance |

[1] Number of work days missed in one year per 100 workers. Source: Industry Report: "Comparative Statistics for mines in BC."

[2] Ministry of Energy and Mines health and safety inspections.

## Target Rationale:

Targets will ensure the mining industry remains one of the safest heavy industries in the province.

## Objective 4: *Promote the consistent application of the two-zone land use system for exploration and mining in British Columbia.*

## Strategies:

1. Ensure that the implementation of land use plans includes a clear definition of areas open to mineral exploration and mining.
2. Work with the Ministry of Sustainable Resource Management to simplify access to land use data in order to facilitate mineral exploration activity.
3. Develop and implement guidelines for mineral exploration and development to facilitate integrated land use.

| Performance Measure | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| Facilitate regional workshops designed to find solutions that will enable integrated land use. | 5 | 6 | 7 | 7 |

## Target Rationale:

Targets will ensure the integration of mining-related activity with other important land uses.

## Goal 4: *Thriving, competitive, reliable and environmentally responsible electricity and alternative energy sectors.*

Energy, economic and environmental policy are intertwined. As British Columbia's economy strengthens and diversifies, it continues to rely on low-cost electricity. At the same time, British Columbians are committed to environmentally responsible energy development and energy efficiency. The government is dedicated to striking a balance between the development of conventional sources of electricity in a responsible manner, and developing policies that will lead to the use of new and alternative sources.

### Core Business Area: *Electricity and Alternative Energy.*

### Objective 1: *Facilitate investment in electricity and alternative energy resource development in British Columbia.*

### Strategies:

1. Develop and promote policies to increase investment in electricity and alternative energy.
2. Pursue financial and cooperative partnerships with other jurisdictions.
3. Advocate energy investment opportunities in British Columbia.
4. Implement results-based regulations.
5. Pursue strategic alliances with the federal government to further develop the hydrogen and fuel cells industry.

| Performance Measures | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| Increased investment in B.C.'s alternative energy production.[1] | Achieve a 10% increase (112 GWh) over B.C.'s alternative energy baseline (1115 GWh). | Achieve an additional 10% increase (123 GWh). | Achieve and additional 10% increase (135 GWh). | Achieve an additional 10% increase (149 GWh). |
| Increased investment in B.C.'s hydrogen and fuel cell sector.[2] | • Contribute $2 million to fuel cell development.<br>• Two additional hydrogen/ fuel cell demonstration nodes. | • Leverage an additional expenditure of $2 million.<br>• One additional hydrogen/ fuel cell demonstration node. | • Leverage an additional expenditure of $2 million.<br>• One additional hydrogen/ fuel cell demonstration node. | • Reassess criteria for fuel cell investment.<br>• Two additional hydrogen/ fuel cell demonstration nodes. |

[1] BC Hydro.
[2] Fuel Cells Canada.

## Target Rationale:

Energy qualifying as "BC Clean Electricity" is a proxy for the amount of investment in alternative energy. The baseline established for the province's 2002/03 – 2004/05 Strategic Plan is 1115 GWh. The province has committed $2 million to Fuel Cells Canada for early implementation of hydrogen and fuel cell technology. Success will be measured by the incremental investment leveraged from other sources.

## Objective 2: *Encourage environmental improvements through the promotion of alternative energy and energy efficiency.*

## Strategies:

1. Develop and implement strategies and targets to improve energy efficiency in new and existing buildings.
2. Implement initiatives that will work towards lowering greenhouse gas emissions.
3. Pursue strategic alliances with governments, utilities and industry associations to advance energy efficiency objectives.
4. Raise public awareness of the benefits of alternative energy.

| Performance Measures | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| The % of furnaces installed in new or existing B.C. residences that are "Energy Star" rated (AFUE of 90% or higher). 2003 baseline is 26%.[1] | 30% | 35% | 45% | 60% |
| Average Energuide Rating for audited B.C. single family houses that are either newly constructed or renovated. 2003 baseline is 72.[2] | 72 | 73 | 74 | 75 |

[1] Heating, Refrigeration and Air Conditioning Institute.
[2] Natural Resources Canada — Office of Energy Efficiency.

## Target Rationale:

The "Energy Star" furnace and "Energuide" house rating are two measurable components of the Strategic Plan for Energy Efficiency in Buildings, aimed at improving energy performance of equipment and of new and existing residential and commercial buildings.

### Objective 3: *Implement and/or oversee the implementation of the Policy Actions in the provincial Energy Plan.*

## Strategies:

1. Address barriers facing independent power producers.
2. Advise and assist the BC Transmission Corporation and BC Hydro on electricity policy and initiatives.
3. Improve access to regional markets for BC Hydro and Independent Power Producers.
4. Review options to update and expand the *Energy Efficiency Act* and regulations.
5. Manage Columbia River Treaty and Downstream Benefit Entitlement matters.

| Performance Measures | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| Implementation of the Policy Actions in the provincial Energy Plan and improvements to the Plan. | Complete implementation of the Policy Actions, and complete and distribute a 'Report Card' on Plan implementation. | Complete and distribute a 'Report Card' on Energy Plan implementation, including recommendations for improvements to the Plan. | Survey clients and stakeholders on satisfaction with the Energy Plan; views on Division priorities and levels of satisfaction with Division; possible need for Plan amendments. | To be determined by survey results. |
| Complete and Implement an Alternative Energy Strategy for BC. | Develop and seek approval for an Alternative Energy Strategy. | Implement the approved strategy. | Continue to implement the strategy. | Complete implementation of the strategy. |

## Target Rationale:

To ensure the Energy Plan remains relevant and up-to-date, a "Report Card" on its implementation will be prepared in 2004/05, followed by a survey of users and stakeholders on future Division priorities and options for the Plan (subject to funds being available).

## Goal 5: *First Nations and communities working with Government for the responsible development of British Columbia's energy and mineral resources to benefit all British Columbians.*

The Ministry of Energy and Mines is committed to strengthening its relationships with First Nations and communities in the development of energy and mineral resources throughout the province. The Ministry aims to increase First Nations participation in these resource sectors through consultation and accommodation initiatives.

### Core Business Area: *Executive and Support Services.*

### Objective 1: *Build relationships with First Nations and communities to facilitate participation in, and increase knowledge of, the energy and mining sectors.*

### Strategies:

1. Support ongoing treaty negotiations and lead Ministry initiatives with Treaty 8.
2. Lead the process of consultation and accommodation with First Nations regarding energy and mineral development.
3. Develop and maintain a productive working relationship with First Nations, industry and Ministry staff.
4. Develop a Community and Stakeholder Engagement Plan.
5. Increase Ministry internal awareness of First Nation and community issues.
6. Develop and implement a First Nations "tool kit" for Ministry staff.
7. Work with the Oil and Gas Commission on First Nations' issues as they pertain to oil and gas development.

| Performance Measures | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| Implement First Nations engagement strategy. | Consultation and accommodation guidelines approved. | Engage three First Nations in accommodation agreement negotiations. | • Complete three First Nations accommodation agreements.<br>• Engage three First Nations in accommodation negotiations. | Assess and develop future accommodation strategy. |
| Staff trained and orientated to First Nations culture and issues. | Develop a cultural awareness training program for ministry staff. | 25% of appropriate staff completed training program. | 75% of all appropriate staff completed training program. | 100% of appropriate staff completed training program. |
| Treaty 8 Negotiations. | Commence revenue sharing and set-aside issues negotiations. | • Revenue Sharing negotiations complete.<br>• 50% of set-aside negotiations complete. | 100% of set-aside issues complete. | Agreement implementation. |

## Target Rationale:

The First Nation engagement strategy provides a process for the Ministry of Energy and Mines to address the legal requirements to consult and accommodate, and aims to increase First Nations participation in the energy and mineral sectors.

## Goal 6: *An exemplary organization and a Ministry of choice as an employer in the British Columbia Public Service.*

This goal commits the Ministry of Energy and Mines to have the best human resources practices on behalf of its employees and government.

### Core Business Area: *Executive and Support Services.*

### Objective 1: *Implement effective human resource practices consistent with best practices.*

### Strategies:

1. Involve Ministry staff in the development and implementation of the Ministry Human Resource Plan.
2. Encourage participation of managers in the Leadership Centre programs.
3. Implement core government business training.
4. Develop and implement recommendations on rewards and recognition.

| Performance Measures | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| Number of employees with an annual employee performance and development plan. | 100% of excluded employees. | 100% | 100% | 100% |
| Ministry HR plan in place and consistent with best practices. | Current HR plan in Appendix 2. | Update HR Plan in consultation with Ministry staff. | 100% of HR Plan goals implemented. | 100% of HR plan goals implemented. |

### Target Rationale:

Targets identified promote effective human resource practices and participation in the implementation of the Ministry HR plan.

# Related Initiatives and Planning Processes

## Deregulation and Regulatory Reform

**Objective 1:** ***Continue to work towards results-based regulations.***

| Performance Measures | 2004/05 Base | 2005/06 Target | 2006/07 Target | 2007/08 Target |
|---|---|---|---|---|
| Review current legislation administered by MEM. | Identify legislation for review. | Review the *P&NG Act*; *Energy Efficiency Act*; *Pipeline Act*; *Oil and Gas Commission Act*. | Continue to review current legislation. | Continue to review current legislation. |
| Maintain current baseline regulatory count. | Maintain count of 12,328. | Zero per cent increase. | Zero per cent increase. | Zero per cent increase. |

## Overviews of Human Resource Plan and Information Resource Management Plan

The Ministry's Human Resource Management Plan is available at: http://www.em.gov.bc.ca/serviceplan/IRMPoverview.htm.

The Ministry's Information Resource Management Plan is available at: http://www.em.gov.bc.ca/serviceplan/HRMPoverview.htm.